



LEROY D. BACA, SHERIFF

**County of Los Angeles**  
**Sheriff's Department Headquarters**  
**4700 Ramona Boulevard**  
**Monterey Park, California 91754-2169**



April 13, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

Dear Supervisors:

**APPROVE AMENDMENT NUMBER 3 FOR ADDITIONAL FUNDS  
FOR AGREEMENT NUMBER 72929 WITH QUEST DIAGNOSTICS INCORPORATED  
FOR MEDICAL LABORATORY SERVICES  
(ALL DISTRICTS) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

- 1 Approve and instruct the Chairman to sign the attached amendment to the Agreement with Quest Diagnostics, Incorporated, for medical laboratory services, to increase the total projected expenditure amount of this Agreement by \$2.15 million, from \$9.35 million to \$11.5 million, and to add mandatory language provisions for Jury Service and the Safely Surrendered Baby Law effective upon Board approval through September 1, 2004.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

The purpose of the recommended actions is to seek Board approval of the increased estimated contract expenditure amount and to update the Agreement with Quest Diagnostics Incorporated (Quest). Approval of this Amendment will allow the Sheriff's Department to continue providing medical laboratory services for inmate patients housed in the Department's custodial facilities, while the Department completes its solicitation process for a new medical laboratory services agreement.

This Amendment Number 3 will ensure that the Sheriff's Department is up-to-date on all Federal, State and local health and safety requirements for medical laboratory services for inmates.

*A Tradition of Service*

### Implementation of Strategic Plan Goals

The services provided under this Agreement support the County's Strategic Goal Number 1, Service Excellence and Goal Number 4, Fiscal Responsibility, by providing services to inmates that are responsive and appropriate.

### FINANCING/FISCAL IMPACT

The Sheriff's Department has identified funding in the amount of \$2.15 million in its Fiscal Year 2004-05 budget to cover the anticipated level of service.

### FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This Agreement, approved by the Board on August 22, 2000, is for medical laboratory services, which were formerly provided by the Sheriff's Department's Medical Services laboratory staff. As a result of the Federal Government's Health Care Financing Administration (HCFA) decision that the Twin Towers laboratory was not in compliance with some of the requirements of Federal laws governing laboratories under the Clinical Laboratory Improvement Act (CLIA), the Department's operating license to run a laboratory was revoked for a period of at least two years. The County agreed to a contract with Quest Smith Kline Beecham Laboratory, now known as Quest Diagnostics Incorporated, to provide laboratory services.

In May 2002, the Board approved the Sheriff's Department's request to extend the Agreement for one year with the option to extend for another year in order to give the Department time to assess the viability of restoring in-house laboratory services.

In May 2002, the Department also received approval from your Board to increase the estimated expenditure amount from \$2.8 million to \$9.35 million for the period ending on September 1, 2004. However, based on the current expenditure trend, the Department will be expending approximately \$11.5 million by September 1, 2004. The total number of laboratory tests ordered by Medical Services' physicians has remained consistent in the past several years; however, the costs of these tests have increased. Quest now offers more sophisticated tests, particularly for Hepatitis C, HIV testing, and comprehensive drug screening which the physicians are now ordering and are more expensive than previous tests and is the cause for the increase in expenditures. The data used to calculate the initial amount of \$2.8 million included a period of time when

the Department was in transition from maintaining its own medical laboratory to contracting for these services. Therefore, earlier expenditure estimates did not reflect the full contract implementation with Quest.

Based upon recommendations made by a consultant, the Department determined that restoring laboratory staff and operations, bringing the laboratory up to CLIA standards, and consistently being in compliance with those standards, were too costly and contracting for the laboratory services with an outside laboratory would be more cost effective.

In August 2003, the Department exercised its extension option to extend the Agreement through September 1, 2004, in order to undergo a new solicitation process.

The Contractor is in compliance with all Board, Chief Administrative Office, and County Counsel requirements, including Jury Service Program and Safely Surrendered Baby Law.

Under this Amendment, Quest will not be asked to perform services, which exceed the scope of the work or contract dates.

County Counsel has reviewed and approved Amendment Number 3 as to form.

### **CONTRACTING PROCESS**

The Department is developing a solicitation process to select a new medical laboratory services contractor, which is anticipated to be completed at the end of Year 2005.

### **IMPACT ON CURRENT SERVICES**

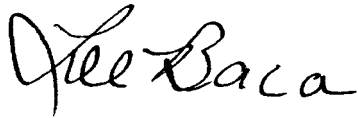
This Amendment Number 3 will ensure continued and uninterrupted medical laboratory services to the inmate patients by guaranteeing adequate funding to pay for the services and by amending the Laboratory Test Fee schedule to include new tests that are more effective and now considered standard in the field.

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**CONCLUSION**

Upon approval by your Board, please return two copies of the adopted Board letter and two original executed copies of this Amendment to the Sheriff's Department, Contracts Administration Unit.

Respectfully submitted,

A handwritten signature in black ink, reading "Leroy D. Baca". The signature is written in a cursive, flowing style with a large initial "L".

LEROY D. BACA  
SHERIFF